

**Department of Human Services
Fiscal Year 2023 Operating Budget
Response to Department of Legislative Services Budget Analysis**

**Senate Budget and Taxation Committee
Health and Human Services Subcommittee
Senator Melony Griffith
Thursday, February 3, 2022**

**House Appropriations Committee
Health and Social Services Subcommittee
Delegate Kirill Reznik
Monday, February 7, 2022**

Testimony of Secretary Lourdes R. Padilla

Good afternoon Chairman and members of the Committee. Thank you for the opportunity to appear today regarding the Department's Child Support Administration (CSA). With me today is the Deputy Secretary of Programs, Netsanet Kibret; the Executive Director for the Child Support Administration, Kevin Guistwite; and the Department's Chief Financial Officer, Stafford Chipungu.

CSA provides comprehensive child support services to approximately 177,000 children who were involved at some point in an active child support case during Federal Fiscal Year (FFY) 2021. The Administration is responsible for establishing paternity for children born to unmarried parents; establishing, collecting, and distributing child and medical support obligations; the enforcement of past due support; and the accounting of child support payments which are made through the Department. CSA's mission is to make certain that children grow up receiving



financial support from both parents, and that the family is able to maintain economic independence.

The Fiscal Year (FY) 2023 Budget Allowance for CSA is \$97.4 million, an increase of \$1.8 million or 2% compared to FY 2022. The Department collected and distributed \$543 million in child support last fiscal year. Of that amount, \$160 million was distributed to families previously receiving Temporary Cash Assistance, reducing the likelihood that those families would again become dependent on the State for financial stability. As of the first quarter of FFY 2022, \$124 million was collected and distributed. CSA established support orders for 5,472 cases in FFY 2021, representing 86.5 percent of support orders established on cases.

From FFY 2019 to FFY 2021 the amount collected per case has increased by 8 percent – or \$243 – rising from \$2,975 to \$3,218, even though our caseload decreased by 8 percent during that three-year period. During FFY 2020, Maryland ranked above the national average in two key federal child support performance measures. These performance measures include: the percentage of current support collected – 68.90 percent (66.29 percent national average); and percentage of cases collecting past due support – 76.62 percent (73.15 percent national average). Nationally, Maryland ranked 13th for collections of current support and 9th in cases collecting past due support arrears for FFY 2020.

With the implementation of House Bill 907 allowing for the intercept of winnings from video lottery facilities to pay past due support, the Department has disbursed approximately \$4.9 million in gaming intercepts. The Department has continuously scored above 95 percent on



Federal Data Reliability Audits and has passed all federal audits. This assures a continuation of DHS's incentive funds. CSA had no repeat findings in its most recent Legislative Audit Report issued in May 2021.

As the Child Support Administration (CSA) has adjusted to assisting our customers during the COVID-19 pandemic we remain committed to ensuring our primary essential function is met to ensure Non Custodial Parent (NCP) payments are received and disbursed to Custodial Parents (CP) to provide financial support to Maryland's children. We continue to offer our customers multiple avenues to engage with the local child support offices either in-person or remotely, walk-in or by appointment. Local child support offices are working closely with the local courts to schedule or reschedule hearings as soon as possible while continuing to provide services to meet customers' expectations.

CSA is currently exploring opportunities to increase customer convenience by expanding payment options for our customers. In addition, through our Work Share Program, CSA staff in seven counties worked to pool resources and find creative solutions to help disburse undistributed collections to hundreds of families in need of child support payments. These undistributed collections are often difficult to release due to key identifying information missing, such as an address that requires additional effort to locate. In FFY 2021 the program disbursed \$1,161,551 owed to custodial parents.



The STEP Up Program (Supporting, Training and Employing Parents) in Baltimore City continues to provide eligible unemployed or underemployed noncustodial parents (NCP) with assistance in obtaining employment that will enable them to achieve economic self-sufficiency and meet their child support obligations. In 2021, CSA partnered with Baltimore City Community College (BCCC) to further enhance the Baltimore City STEP Up Program, providing additional services and training opportunities for NCPs enrolled in the program. During FFY2021, there were 204 noncustodial parents enrolled in STEP Up. This represents 338 active cases of which 278 (82.25%) cases had a payment distributed and 244 (72.19%) cases received multiple payments. There was a total of \$54,995 of state owed arrears expunged during this period. The total amount of current support collections was \$172,552.

I would also like to take this opportunity to highlight our statewide Noncustodial Parent Employment Programs (NPEP) conducted in conjunction with the Family Investment Administration (FIA). Programs are conducted jointly by FIA and CSA, in addition to specific CSA-sponsored programs. Through September 30, 2021, there have been 11,466 NCPs enrolled in NPEP programs outside of Baltimore City representing 21,206 cases. Of these, 16,545 cases had a payment distribution after enrollment in the program totaling distributions of \$206 million.

Under Governor Hogan's leadership, the Department's Child Support Administration has accomplished the following key achievements:

- Child Support Guidelines Reform: Comprehensive legislation passed the Maryland General Assembly in 2020 to reform and expand the child support guidelines to benefit Maryland's families and children. Proposed by the Maryland Child Support Guidelines



Advisory Committee, led by the Department, and sponsored by Delegates Dumais, Malone, Cox, and Lewis and Senator Sydnor, the bills updated the child support guidelines in compliance with current economic trends and federal requirements. This comprehensive legislation is key to providing a greater holistic approach to ensure child support benefits the whole family, and supporting policies and practices based on a parent's ability to pay. The effective date of these bills is July 1, 2022.

- Noncustodial Parent Employment Program (NPEP) / Payment Incentive Program (PIP): Employment programs for noncustodial parents assist with job readiness, skills training, and obtaining employment. NPEP programs have expanded to include 22 active programs now operating across Maryland in Allegany, Anne Arundel, Baltimore, Calvert, Caroline, Carroll, Cecil, Charles, Dorchester, Garrett, Harford, Howard, Kent, Prince George's, Queen Anne's, Somerset, St. Mary's, Talbot, Wicomico, and Worcester Counties, as well as Baltimore City. Further, Payment Incentive Programs (PIP) provide qualified low-income parents who are court ordered to pay child support an opportunity to have debt owed to the State reduced. By paying for twelve (12) consecutive months, stated-owed debt is reduced by fifty (50) percent, and by paying for twenty-four (24) consecutive months the debt is waived in total (with breaks of up to 6 months at no fault of the parent, such as seasonal employment).



- **Reduced Fees:** Fees were lowered to reduce the burden on families requesting child support services. Both the child support application fee and the annual federal fee were reduced from \$25 to \$15.
- **Child Support Management System (CSMS):** As part of the Maryland Total Human-services Integrated Network (MD THINK) Project the new CSMS implements statewide in 2022. CSMS provides child support staff greater efficiency to manage support collections, reduce instances of fraud, and ensure the top priority remains the financial security of children and their families. CSMS minimizes administrative burdens by providing tools needed to manage caseloads in one single system and maintain compliance with federal requirements. Customers benefit from the system's streamlined and efficient operation, along with the new Consumer Portal making it easier for custodial parties to apply for child support and offering noncustodial parties a simpler way to make support payments or settle arrears. Child support's integration with other health and human services agencies on the MD THINK platform enables parents to easily apply for cash and food assistance or enroll in employment programs to support their children.

This concludes my testimony. Thank you again for the opportunity to testify, and we are of course happy to answer any questions that you may have.



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Response to Issues

Issue#1: - The Department of Legislative Services (DLS) recommends adopting committee narrative requesting periodic reports on each jurisdiction's performance against the five performance measures affecting the State's federal incentive payment. (Page 7)

Response to Issue: The Department concurs with the Analyst's recommendation.

Issue #2: As the new child support management system is set to be complete by the end of fiscal 2022, DHS should comment on the anticipated impact on child support administration cost effectiveness. (Page 9)

Response to Issue: The Department expects cost effectiveness to increase as system development costs return to regular maintenance and operations expenses following rollout of the Child Support Management System and decommissioning of the legacy system.

Issue #3: DHS should comment on whether any regional factors also impact cost effectiveness and describe its approach to holistically optimize cost effectiveness among counties. (Page 9)

Response to Issue: Regional factors impacting cost effectiveness may include economic community trends and employment opportunities available for noncustodial parents which can increase or decrease collections.



The Department monitors agency costs to ensure they are reasonable and necessary to support program activities. Additionally, the Department's Child Support Administration provides local office guidance for managing cases to address holistic family needs, follow federal protocols to open and close cases, and increase the timely receipt of collections through customer outreach and use of enforcement remedies as appropriate.

Issue #4: As the Maryland Total Human Services Integrated Network Information Technology Development Project is expected to conclude in fiscal 2022, DLS recommends adopting committee narrative requesting updated data on collections among both automated and manual actions. (Page 15)

Response to Issue: The Department concurs with the Analyst's recommendation.

Issue #5: Given the potential to increase collections and that no major implementation costs to the State were identified, DHS should comment on whether it intends to prioritize becoming a participating state in CSLN. (Page 17)

Response to Issue: The Department intends to pursue participation with the Child Support Lien Network, or similar service if available, upon statutory authority pending a future legislative bill and adherence to procurement rules. A departmental bill was previously submitted during the 2019 session, however this bill did not pass.

Response to Recommended Action

Recommended Action #1

Report on State enforcement measures Report Due December 1, 2022. **(Page 18)**

Response:

The Department concurs with the Analyst's recommendation.

Recommended Action #2

Child Support Services performance reports Reports Due
November 1, 2022
February 1, 2023
May 1, 2023. **(Pages 18-19)**

Response:

The Department concurs with the Analyst's recommendation.

